



## Recovery in sight for property market by 2H21

by NUR HAZIQAH A MALEK

THE property market is expected to show signs of recovery in the second half of 2021 (2H21), driven by gradual economic recovery, according to a recent Property Market Outlook 2021 report by PropertyGuru International (M) Sdn Bhd.

PropertyGuru Malaysia country manager Sheldon Fernandez said strong existing demand for home ownership will reflect a healthy growth in property transactional activity.

"However, the recovery is expected to be gradual as we acclimatise to a post-Covid reality," he said.

According to Bank Negara Malaysia (BNM) Financial Stability Review 1H20, property transactions posted a decline of at least 25% for both volume and value.

Nevertheless, the property market continued to show signs of resilience, as the transaction declines were less than anticipated, partly driven by various measures and initiatives from the government.

Malaysia's GDP fell by a record low of 17.1% in the second quarter (2Q) of the year, and more so by 2.7% in 3Q, with a projection of the year's GDP to decline between 3.5% and 5.5%.

The initiatives and measures reintroduced by the government such as the Home Ownership Campaign (HOC), which includes Real Property Gains Tax exemption, stamp duty exemption and removal of the 70% financing limit margin, has maintained the property market's resilience.

Similarly, the six-month loan repayment moratorium that began in April also extended support to the market.

"The promise of a vaccine for the pandemic during the course of the year will be a relief, further determining buyers' behaviour in 2021," said Fernandez.

Currently, the market has a historically low interest rate, aggressive promotions from developers and heightened competition, giving an advantage for homebuyers



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who are looking for deals.

Fernandez said purchasers must not only consider the cost of owning a property, but also whether they can manage it on top of other expenses.

"Overall, a buy is advisable for those who are on sound financial footing and are confident about the future security of income.

"Those in this position will find themselves spoilt for choice in the current buyer's market," he said.

Meanwhile, PropertyGuru Malaysia Consumer Sentiment Study found that 57% of respondents expressed their intention to own a home by the end of 2021, while one in six planned to postpone purchasing plans indefinitely.

Fernandez said the group has identified five key trends that will help facilitate the uptake as Malaysians aspire to own a home next year.

"They range from incentives to enhance the macroeconomic environment, measures by the government and property developers, as well as an uptake of digitalisation within the property industry," he said.

The key trends include conducive interest rates to encourage home ownership on the low Overnight Policy Rate at 1.75% in the most recent review in November, and the continuation of mega-infrastructure developments to create multiplier effects.

Other trends include the HOC which will continue to spur interest among homebuyers; rising property technology as people are picking up e-commerce habits; and more affordable housing focus for the bottom 40% income group by the government, allowing private developers to focus more on free-market housing.